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"A Corollary to the Duncan Report"

by

FRANK H. KEEFER, K.C.,
Port Arthur, Ontario,
Canada

Published and Circulated by
THE CANADIAN DEEP WATERWAYS ASSOCIATION
O. E. FLEMING, K.C., President
Windsor, Ont., Canada

1878

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I. THE "DUNCAN REPORT"

The report of the Royal Commission upon the Maritime Claims, of date September 23rd, 1926, commonly called the Duncan Report, should be read by every Canadian who desires to see his Dominion prosper and, therefore, wishes to remove whatever militates against such well-being.

This report is not only timely, but is an able and painstaking effort in a judicial manner to get at what appears to be the causes of the bad times through which the "Provinces by the Sea" have been passing. Of course, they are not alone in this respect, especially since the Great War, but the many facts mentioned in the report show a condition peculiar to the Maritimes.

Transportation naturally is dealt with therein prominently; its historical connection with the Confederation of the Provinces, causing the construction of the Inter Colony, or Intercolonial Railway; its railway rate increases since 1912 in correspondence with the whole of Canada, namely; 92%; the effect of these freight rates on the Maritimes; and the Commission's recommendations relating thereto, etc. The report in detail considers the effect of these high rail rates in relation to natural basic products.

There is only one matter of regret as coming from a friendly critic, that transportation in the report was only considered from its one side, namely; the rails.

True it is, the Commission must have also had water transportation in mind. Reference is made, (Page 30), "that it is not realized to what extent enterprise within the three Maritime Provinces has been checked as a result of their maritime development not having kept abreast of the transformation which in the last half century has been taking place in sea transportation."

Again, "access to the world markets was in former times their greatest asset because of their maritime location."

Again it is said, (Page 34), under the caption of "Coal and Steel" that "much evidence was given to us as to the great handicap which rests on Nova Scotia industrially as the result of the high cost of rail carriage."

And again, "that the volume of sales of Nova Scotia coal in the St. Lawrence is limited at present to points of discharge for waterborne coal. The advantage of moderate cost of water transportation, it is stated, is nullified so far as western furtherance is concerned by rail rates from Montreal,' 'etc.

An example is given of the rail haul for 117 miles west from Montreal being almost twice that of water transportation from Sidney to Montreal, 850 miles.

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Even further, reference is made to the Parliament of Canada giving a subvention payable to railways carrying coal conditioned on the reduction of the rail rates on coal.

No suggestion, however, is made as to how this advantage of "moderate cost of water transportation" can be obtained, nor how "the nullification so far as western ports" past Montreal may be removed.

On the last two pages of this study is printed a fundamental Resolution of the Pre-Confederation Conference which shows what the Federating Provinces then considered of the "highest importance." Until full effect is given to this Resolution the Maritimes will not obtain "the trade of the Great West with the seaboard" and the terms of Confederation are unfulfilled.

II. A NEW "ATLANTIS"

The opening of the barrier obstructing the navigation of the St. Lawrence between Montreal and Prescott should vitally concern the future of the Maritime Provinces of Canada, viz; Nova Scotia, New Brunswick and Prince Edward Island.

Since the construction of the Intercolonial Railway, however, business conditions have changed, particularly railway transportation. This has necessarily risen in cost because of the higher costs of materials, operation and wages, and today these Provinces are suffering from their inability to obtain the benefits that were intended by the rail communication.

If, however, a new "Atlantis" were discoverable, with forty millions of people inhabiting same, with easy water communications, it needs no argument that such would give great impetus to the trade and commerce of the Provinces "down by the sea" and particularly if the surplus natural products of the new "Atlantis" could be brought to the ports or gateways of the Maritimes for distribution to the markets of the world.

Such is exactly the situation today regarding the interior of the North American Continent, the new "Atlantis" for the Maritimes. Lying between the Rocky Mountains on the west and the Alleghenies on the east is a vast area of which there is nothing like in the world, rich in various ways; in agriculture, in manufactured products, in natural resources, the mines, and the forests surrounding the great fresh water lakes; and with a thriving, numerous, active and energetic population, and which in both production and population will further largely increase. But, because of the St. Lawrence barrier, the proper economic progress cannot take place and the Maritime Provinces situated way out on the ocean lanes to Europe receive no benefit from such position.

Instead of moving as naturally it should, the raw material, say wheat, comes from that district and pays an unnecessarily high rail rate to the Atlantic ports, other than the Maritimes. It comes part of the way by water to the foot of Lake Erie. At that point half of the out-put of wheat of that vast area leaves the cheaper water route and goes by rail from the Lake Erie ports to New York and other Atlantic ports of the United States.

The cost of taking it on to the ports of the Maritimes by water, where it would be the nearest to Europe, if no breaking of bulk were necessary, would be only a fraction of the present cost from Lake Erie ports to the Atlantic ports. Naturally it should flow there and be stored during the navigable months and from there be shipped out, or even be manufactured into flour and other by-products and then shipped abroad from ports of Nova Scotia and New Brunswick to the markets of the world. Is such not well worth considering further in detail?

III. HISTORICAL SUMMARY

The Great Lakes system is an elongated, inverted "V" shapped extension of the St. Lawrence River until it reaches the rock-bound coast of Lake Superior some 2300 miles from Belle Isle Straits. Lake Superior is 600 feet above sea-level and drops to sea-level by three steps; one at Sault Ste. Marie, another at Niagara, and then at the St. Lawrence escarpment.

The first step down is from Lake Superior to Lake Huron. Consider the barrier as it was at Lake Superior prior to the building of the Sault Ste. Marie Canal, when all merchandise was taken around the rapids by ox cart. Consider, however, today the volume of business moving past this point, when, with the Canal open only eight months out of the twelve, the volume is some six or seven times in tonnage that passing through the Suez, or more than double what passes through the Suez and the Panama Canals together.

The next step down to the sea is at the Niagara escarpment, where one hundred years ago private individuals saw the benefit of connecting Lake Erie and Lake Ontario with a canal. The drop is 327 feet. The population of Ontario was then only some 50,000 people, and yet, they had the courage, foresight and ability to carry through as a private company the building of a canal connecting these waters, with wooden locks, forty in number, and eight feet deep on the sills, dropping down the 327 feet and thus avoiding breaking bulk at the Niagara River and portaging around the Rapids and Niagara Falls. This canal was opened to traffic in 1829.

This canal was taken over by the Government and rebuilt in the Eighteen-forties with twenty-seven locks and ten and a quarter feet of water on the sills.

The third, and one now in use, was rebuilt in the Eighteen-eighties with a depth of fourteen feet on the sills. Today we are finishing the fourth, or new Welland Ship Canal, which will reduce the number of present locks of twenty-five, to seven, and with provision for a depth of thirty feet on the sills. With this improvement completed, there will be uninterrupted navigation for vessels of ocean size and draft, from Port Arthur to Prescott on the St. Lawrence, a distance of over a thousand miles. This done, 84 per cent. of the world's merchant fleet could utilize the Great Lakes and connecting canals as they do the Panama Canal.

The third step down to the sea is at the St. Lawrence escarpment, a drop of 227 feet. The St. Lawrence Canals, heretofore built down this slope, are also interesting, and historically, the enlargements found necessary to keep pace with the Welland should be considered.

The first locks were built on the St. Lawrence by the Royal Engineers in 1783 around the three rapids between Lake St. Francis and Lake St. Louis. They had only six feet on the sills.

In 1825 the Lachine Canal was completed, four and a half feet deep. The year after the Lachine Canal was built, it was recommended by the Royal Engineers that the locks should be enlarged and deepened and a decision was reached to deepen them to nine feet. This was eventually done.

Then in 1875 Parliament decided to deepen and enlarge all St. Lawrence locks, same as the Welland Canal, to fourteen feet. Even before completion, the locks were found too short —and what is now required is for history to repeat itself and the St. Lawrence like the New Welland Ship Canal to be enlarged and deepened and the locks reduced in number to seven. This has been recommended by the International Joint Commission's report of the Nineteenth of December, 1921.

Meanwhile in the St. Lawrence River below Montreal a ship channel has been dug, with a width of 450 feet in the straight portions and up to 750 feet on the turns between Montreal and Quebec and one thousand feet wide everywhere below Quebec. These depths below Montreal also have been, like the canals above Montreal, steadily deepened, first to sixteen feet and on until in 1910 the work was commenced by Canada to increase the depth to thirty-five feet, which project is now nearing completion.

IV. INTERNATIONAL NEGOTIATIONS

Recognizing the far reaching benefits to agriculture, industry and general commerce certain to follow a reduction in the cost of transportation to and from the Mid-West portion of the continent, Canada and United States decided to refer the question of the improvement of the St. Lawrence to a commission appointed by the two countries to deal with questions relating to boundary waters. This Commission, called the International Joint Commission, was created under the Treaty of 1909, three Commissioners from each country. That Commission in 1919-1920 took testimony in many parts of Canada and United States from persons in all walks of life. That Commission after an exhaustive study of the economic and engineering aspects of the project made a report in favor of same and recommended further study of the engineering features of the problem. The evidence regarding the commercial and economic benefits was conclusive and no suggestion was made for further study of these features.

Subsequently the two Governments appointed an Engineering Board, three from each country, specially chosen to examine and report upon the engineering problems and particularly to examine the details of the plan submitted by the International Joint Commission. After about two years investigation, this group of engineers has reported the facts to their Governments by a unanimously signed report giving the required engineering data, with new estimates of cost.

An Advisory Body was also appointed by each Government to consider this engineering report, and the Advisory Body of the United States, under the Chairmanship of Hon. Herbert Hoover, has considered this Joint Engineering report and recommended strongly that the two countries enter into an arrangement and as soon as possible to remove the difficulties and unnecessary costs impeding the business of the two countries.

That is where the matter stands today and it only remains for the public of the two countries to understand the question and then the executives thereof will carry out the wishes of the peeople thereon.

V. OBJECTIONS ANSWERED

Before entering into the economics of the subject, it would be well to state and answer the outstanding objections usually made to the problem.

A gentleman well known to the Maritime Provinces has written as from Montreal to the newspapers of the different Provinces, regarding the St. Lawrence improvement, stating his objections on several grounds.

For example, the first objection is:

> "The idea of making a channel for ocean-going ships to the Great Lakes is a myth."

This is an old cry—impossible. Salt water ships can never navigate the upper lakes. The answer is they are doing it now.

Norwegian and other salt water ships are each year trading during the summer months on the upper Lakes to U.S. ports on Lake Erie—not intercoastal trade—carrying away grain cargoes from Fort William—Port Arthur to European ports at the close of the summer season, and with what result. The Canadian Merchant Marine is asking the Canadian Government to stop them so doing. It is not a "myth." It is a **"reality"** and an objectionable reality, to those seeking to prevent a reduction in the present cost of water transportation. But why should not ships of Canadian Register be in the intercoastal trade from Superior to the Canadian ports "down by the sea?"

The second objection is

> "That such a suggestion is only a bait and it is a power scheme and nothing else."

Again all wrong. Eighteen interior States of the United States are banded together to get relief from their inability to ship cheaply out by the St. Lawrence rather than as now, via the all rail routes, with steadily rising rates or else by water to Lake Erie, and then rail to Atlantic Ocean ports.

And why? Because the rail haul from Lake Erie to Atlantic ports in the United States some 400 miles, costs more than the average rates for the 3200 miles across the ocean.

It is strange to see a gentleman from Montreal refusing to permit vessel transportation to be improved via the St. Lawrence and also to ally himself with the opponents in Buffalo and New York and the Erie Canal boosters who say—"No"—We don't want to "make Montreal."

Furthermore, the people of Minnesota, the two Dakotas, Iowa, Indiana, Montana, etc., have no concern about Hydro Power on the St. Lawrence. The position of the Canadian middle-west Provinces, Manitoba, Saskatchewan and Alberta, is identical. Of what concern is power to them?

Ontario, as a Province, is however, interested in Hydro Power on the St. Lawrence, before it enters the Province of Quebec, to enable her Hydro Commission to distribute same at cost to her people. So are the people of New York State, i. e., on the International Section of the St. Lawrence River. For the lack of development of same, Ontario was compelled to contract for power from the Gatineau River, Quebec. Why should she be denied any longer the rights belonging to her, viz., her one-half of the power in the International Section nearly two million horsepower—and why should the people of New York State be denied their power? All power costs on the International Section will easily be paid for by the power developed. The Ontario Hydro-Electric Power Commission as trustee for the people of Ontario is urgently asking to be allowed to do so.

Apart from this, the project involves no other power development anywhere on the St. Lawrence, unless desired. The plans alternatively call for by-passing the rapids and leaving the power in Quebec for Quebec alone to deal with. No development and no exportation, unless Quebec so says.

A third objection is:

> "That it is an imbecile policy to build up another transportation system at the expense of our two great railways."

Again all wrong and too late. The system is already built and used; the Soo locks and River improvement; the Welland Canal and the existing St. Lawrence Canals.

All that is asked is to so improve them as to make them efficient. That is what we did with the Canadian National as to rails. Why not the water route? As to the water route, we have done so in the past. As instance—the three Wellands—now the fourth, and three St. Lawrence Canals—why not a fourth St. Lawrence—and now?

Moreover, one route is not the rival of the other. In Winter water cannot compete with rails in the carriage of grain. In summer rails cannot compete with water. Why are these three railways of Canada constructed to the head of Lake Superior and one of them double tracked, from the west to Ft. William—Port Arthur? Why so many storage elevators at the head of the Lakes and interior points holding the grain all winter, till the cheap water route opens to Lake Erie with a three cent, sometimes even a two cent rate?

One should carefully weigh the words of Sir Henry Thornton spoken at Cornwall in sight of the obstruction to navigation —in sight of the inefficient canal and of the power belonging to Ontario, running to waste year after year.

He said in October, 1924:

> "We do not regard the development of any such great national waterway as a competitor, rather we look upon it as something which will build up traffic, assist in the industrial development of the Dominion, and in the last analysis we will find that we shall have gained very much more than some people may imagine we will have lost. * * * To my mind it is inconceivable that a barrier shall exist or be permitted to exist between the area of this great inland sea and the ocean. I believe that it is inevitable that the Great Lakes and the ocean must be connected by a waterway of sufficient draft to accomodate large ocean-going vessels."

This line of reasoning by an expert is called "imbecile," just as the ocean ships were called a "myth."

Another objection is:

> "Canada would have the American Flag flying on the north shore if once we entered the scheme."

What nonsense. Again wrong and like Nos. 1 and 3—too late. Such rights to the United States have already been conceded in the St. Lawrence in exchange for similar right to Canada in rivers flowing from Canada through the United States into the Pacific—and this **forever.** Read the Treaty of 1871, Clause XXVI, negotiated by our finest Imperialist, Sir John MacDonald. Have we lost any jurisdiction thereby over the St. Lawrence—Is there any joint control?

Furthermore, we have allowed the United States to improve our waterways in Canadian territory, to the extent of $15,000,000 spent by Uncle Sam in Detroit, St. Clair and Soo Rivers, north of the boundary line. We light and police same. Have we lost any territory or sovereignty—or is there any joint control at those places in Canada?

This sort of stuff is on the line of the usual "tail-twisting" sometimes heard in the United States. It is dying out on both sides of the line. Our two nations have a higher destiny before us each in its own sphere, viz., the enlightenment of the world.

Another objection is:

> "That Canada cannot afford to pay her share."

Canada is spending $114,000,000 on the Welland. What good is it without the completed St. Lawrence? The navigation branch of the St. Lawrence if constructed with power, on the International Section, will cost only $123,000,000, (see Joint Engineers' Report).

The Welland was considered by the International Joint Commission as part of the whole scheme and that the United States should pay one half of the Welland and St. Lawrence. Why not? They get the benefit of the improvement below Montreal for all time, costing millions and wholly maintained by Canada. There would be no change in control or ownership.

By treaty they have, if we build them, the free use of all canals **"built or to be built."** Why should we not, when they are willing, allow them to contribute one-half the cost of these improvements? Power will pay its own way and need not be considered in the figures.

If so, Canada's half of $123,000,000, or for Navigation through to Montreal	$61,500,000
Deduct United States one-half of Welland $114,000,000 paid for by Canada	57,000,000
Balance payable by Canada	$ 4,500,000

Oh! But it is said estimates are always exceeded. Look at the Transcontinental? But what a difference? The Transcontinental was launched without proper survey or estimate and rushed at. The St. Lawrence has been studied for eight years.

1st—By the International Joint Commission with the best engineering talent of both countries.

2nd—Joint Engineering Board of Engineers from each country. Three from each specially named.

3rd—The Hydro-Electric Power Commission of Ontario, by its corps of engineers.

All of these agree on figures of cost. All report favorably.

As Canada's balance to pay, when constructed, is so small, one need not discuss this objection further.

But Montreal interests are opposing this improvement of the existing canals and hesitate to open further the Great Lakes system. Why should they wish to impose any unnecessary freight rate by water on the Middle-West or Ontario? Why keep shut off to the Maritime Provinces the markets for coal in Ontario? Why not open to the Maritimes and to British Columbia the trade with the people surrounding the Great Lakes, viz., some 40,000,000 people? Why not make Montreal, Quebec and other St. Lawrence ports and the Maritime ports cross-roads for the trade of the salted and unsalted seas with all the business tributary to those Lakes and improve the general prosperity of the whole of Canada? Why does she hesitate—why rather does she join with the Buffalo and New York opposition? It is hard to understand.

VI. THE GRAIN MOVEMENT

Before going into the details of the grain movement as hereafter, there should be noticed the average spread in the grain prices between Winnipeg and Liverpool.

The amount of this spread should only be the reasonable expense or cost of transporting the grain from Winnipeg to Liverpool. This spread on an average over twelve months of the year, say 1922, is found to be thirty-eight cents.

This thirty-eight cents is obviously made up by the rail haul from Winnipeg to the head of the Lakes, the lake freight rates to Georgian Bay or Lake Erie ports, plus the transportation by rail from Georgian Bay ports to Montreal, or from Lake Erie by rail to United States Atlantic ports or by water in the small St. Lawrence carrier from Lake Erie to Montreal. To these must be added the intermediate terminal charges and the ocean rate averaging about eight cents from all North Atlantic ports.

These items, however, do not exhaust the thirty-eight cents and the difference in cost even between the highest route, i. e., via New York, and the thirty-eight cents will be a margin of six and a quarter cents, i. e., the merchant's hazards item to cover interest, insurance, delays and risks of embargoes.

It should be observed that this spread is not when purchasing estimated by the buyer, on the cheapest route, but on the highest cost route in case he has to ship that way, even though he may be able to use the cheaper route. All of this comes out of the producer when he sells his grain.

Two things are evident if this spread can be reduced,—as by an improved St. Lawrence it can be:

1st. The benefit to western Canada in its increased purchasing power by the money saved, or rather made in the increased prices received for its grain, and

2nd. The benefit to Eastern Canada or the Maritime ports by virtue of the business going that way in the making of this saving.

The reader should always remember in perusing the following that there is this thirty-eight cents for consideration.

Anything that can be done to remove this unnecessary cost should be done.

The Maritimes have an important part to play in this. Important in that they will draw a volume of business to themselves, which they should have and have not now, but which is annually going to Atlantic ports of the United States.

In attracting this natural Canadian business, they will not only benefit the Canadian producer, but also greatly increase their own prosperity.

They will also draw to their ports for storage much grain from the interior States of the United States, e. g., from Montana, the two Dakotas, Minnesota, Iowa and other States, which today are demanding from there a cheapened route to the markets of the world.

Inland and Ocean Transportation Costs of Wheat

It costs almost the same amount to ship a bushel of wheat, by rail, from Winnipeg to Fort William—Port Arthur (8.4c), a distance of 419 miles, as it does to ship it from Montreal to Liverpool, (8c), a distance of 3207 statute miles. Likewise the rate from Buffalo to New York (9.1c), 442 miles is comparable to the cost of the long haul by water across the Atlantic from New York.

The above illustrates the comparison between rail and water costs. Obviously the rail haul to Fort William or Vancouver can not be avoided, and it is not in these rail portions of the routes to European markets that important savings may be expected. The saving in transportation costs must be found by elimination of the unnecessary eastern rail hauls, the unnecessary elevator charges, the unnecessary charges of small carriers between lower lake ports and Montreal and the reduction in the merchant's hazards item.

Amounts Moving by Various Routes

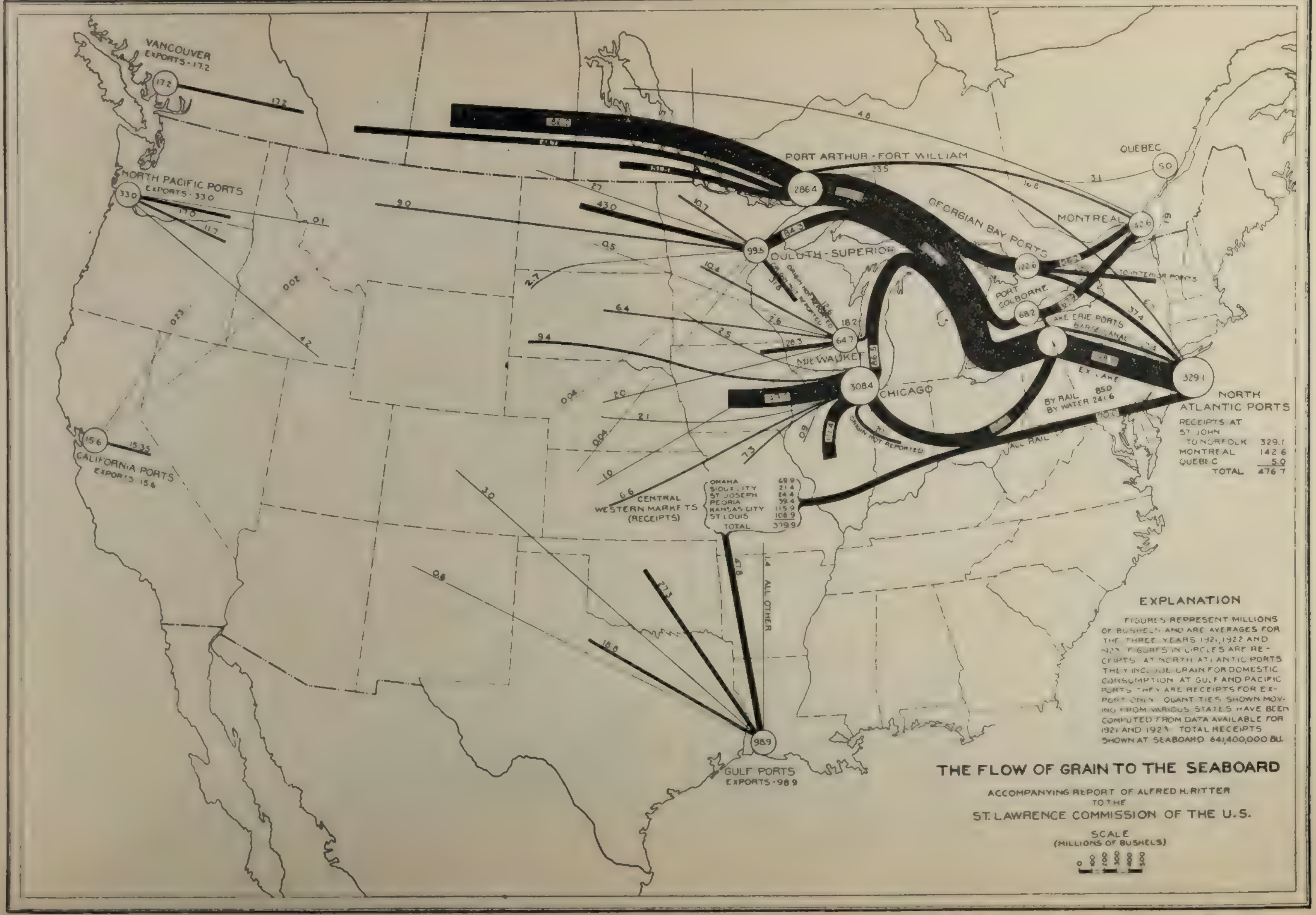
In dealing with this subdivision, first consider the grain of Canada and the United States combined.

The quantities of grain moving from the various Provinces of Canada and States in the U.S.A. to seaboard, based upon averages for the three years 1921, 1922 and 1923, are shown on the following chart. This chart covers wheat, oats, corn, barley and rye. It shows an average movement of 475,700,000 bushels to North Atlantic ports, including Montreal and Quebec, 98,900,000 bushels to Gulf ports, and 65,800,000 bushels to Pacific ports, a total movement to seaboard of 641,400,000 bushels, of which 550,000,000 bushels were for export.

The importance of the Lake route in this movement of surplus grain of Canada and the United States to seaboard will be appreciated from the fact that the receipts at upper Lake ports during the period 1920-23 averaged approximately 707,000,000 bushels annually, and that the shipments from these ports by both water and rail in the year 1923 amounted to 589,000,000 bushels, of which 406,000,000 bushels moved by water and 183,000,000 by rail. Of the 406,000,00 bushels referred to as moving by water from the upper Lake ports, 209,700,000 bushels went to ports of the United States on the lower Lakes and St. Lawrence River. Of the lake transfer ports, Buffalo led with receipts of 177,000,000 bushels, the next most important port being Port Colborne, which received 73,000,000 bushels for transfer to smaller vessels moving to Montreal.

The chart includes both Canadian and United States grain. During the last two years the movement of grain down the St. Lawrence to Montreal has greatly increased and in 1925 amounted to over 132,000,000 bushels. Production in Alberta and movements through Vancouver have also increased. A similar flow chart for 1925 would show a greater proportion of the total as moving through Canadian Atlantic and Pacific ports.

Considering the matter from the standpoint of Canadian grain alone, the following table shows the movements through various ports, during the year ending July 31, 1925.


THE FLOW OF GRAIN TO THE SEABOARD
ACCOMPANYING REPORT OF ALFRED H. RITTER TO THE ST. LAWRENCE COMMISSION OF THE U.S.
EXPLANATION
FIGURES REPRESENT MILLIONS OF BUSHELS AND ARE AVERAGES FOR THE THREE YEARS 1921, 1922 AND 1923. FIGURES IN CIRCLES ARE RECEIPTS AT NORTH ATLANTIC PORTS. THEY INCLUDE GRAIN FOR DOMESTIC CONSUMPTION. AT GULF AND PACIFIC PORTS THEY ARE RECEIPTS FOR EXPORT ONLY. QUANTITIES SHOWN MOVING FROM VARIOUS STATES HAVE BEEN COMPUTED FROM DATA AVAILABLE FOR 1921 AND 1923. TOTAL RECEIPTS SHOWN AT SEABOARD 641,400,000 BU.
SCALE (MILLIONS OF BUSHELS)
VANCOUVER EXPORTS - 17.2
17.2
NORTH PACIFIC PORTS EXPORTS - 33.0
33.0
11.0
11.7
0.1
9.0
20.0
0.23
4.2
CALIFORNIA PORTS EXPORTS 15.6
15.6
15.35
PORT ARTHUR - FORT WILLIAM
286.4
4.8
23.5
QUEBEC
5.0
3.1
10.8
MONTREAL
42.6
1.9
GEORGIAN BAY PORTS
122.6
TO INTERIOR PORTS
DULUTH - SUPERIOR
99.5
84.3
2.7
43.0
10.7
9.5
2.7
10.4
ORIGIN NOT REPORTED
31.8
12.6
18.2
MILWAUKEE
64.7
2.6
2.5
28.3
6.4
9.4
86.5
CHICAGO
308.4
ORIGIN NOT REPORTED
11.4
0.9
7.3
2.0
2.1
0.04
1.0
6.6
PORT COLBORNE
68.2
LAKE ERIE PORTS
BARGE CANAL
37.4
EX LAKE
BY RAIL 85.0
BY WATER 241.6
ALL RAIL
NORTH ATLANTIC PORTS
329.1
RECEIPTS AT ST JOHN TO NORFOLK 329.1
MONTREAL 142.6
QUEBEC 5.0
TOTAL 476.7
CENTRAL WESTERN MARKETS (RECEIPTS)
OMAHA 69.9
SIOUX CITY 21.4
ST JOSEPH 24.4
PEORIA 39.4
KANSAS CITY 115.9
ST LOUIS 108.9
TOTAL 379.9
47.8
1.4
ALL OTHER
3.0
0.6
27.3
18.8
GULF PORTS EXPORTS - 98.9
98.9

This chart, through the courtesy of its author, is taken from "Transportation Economics of the Great Lakes—St. Lawrence Ship Channel" by Alfred H. Ritter, Transportation specialist of the United States War Department.

Exports of Canadian Grain by Ports

(Quantities expressed in bushels)

Port of Export	Wheat	Other Grains	Total
Montreal	38,767,468	27,037,862	68,805,330
Quebec	331,366	400,135	731,501
St. John	5,623,711	2,853,352	8,477,063
Halifax	553	306,446	306,999
Vancouver	23,992,348	1,107,493	25,099,841
Other Canadian Seaboard Ports		95,897	95,897
Portland	3,161,590	1,906,330	5,067,920
Boston	978,398	3,133,054	4,111,452
New York	34,340,792	30,037,366	64,378,158
Philadelphia	15,889,209	2,736,916	18,626,125
Baltimore	5,632,062	2,322,881	7,954,943
Norfolk and Newport News	353,460		353.460
	129,070,957	71,937,732	201,008,689

Reverting again to the grain of both Canada and the United States, moving for export and domestic consumption, most complete and authoritative examination of actual grain movements, for the years 1921, 1922 and 1923 averaged in order to obtain a correct view of the situation, shows the following quantities of grain to be subject to the influence of the deep waterway.

	Bushels
Grain now moving to Montreal, Quebec and North Atlantic ports for export	380,000,000
Grain now moving to North Atlantic ports for domestic consumption	90,000,000
Grain now moving to Gulf ports from territory within the influence of the waterway	50,000,000
Grain now moving to Pacific Ports for export	5,000,000
Total	525,000,000

This is the total grain available for movement via the waterway. Obviously it will not all so move, but all of it will be favorably affected by the **competition** of the new route with existing routes, and by the new rail rate basis which it will necessarily establish and which will be effective throughout the entire year.

Freight Rates and Routes to Seaboard

Speaking in a general way there are three main routes from our great prairie regions, over which grain moves to the Atlantic seaboard. Briefly they are as follows:

1. Rail to the head of the Great Lakes, Lakes to Port Colborne or Buffalo, and St. Lawrence Canals to Montreal.

2. Rail to the head of the Great Lakes, Lakes to Buffalo and rail to New York.

3. Rail to the head of the Great Lakes, Lakes to Georgian Bay, rail to St. Lawrence and the Maritime ports.

The question naturally arises, "What are the costs by way of these various routes?" Let us consider the costs as applying to wheat.

Route 1 involves an elevation charge of 1.25 cents per bushel at the head of the lakes, a lake haul to Port Colborne or Buffalo at an average rate of 3 cents, and an average of 6 cents additional from these transfer points to Montreal. A total of 10.25 cents. If the transfer be made at Buffalo there is an additional cost of one cent.

Route 2 involves the same elevation charge and lake haul cost to Buffalo. At Buffalo the transfer to cars costs 1 cent, the rail haul to New York 9.1 cents, and an elevation charge at New York of 1 cent; total 15.35 cents per bushel. With elevation at Buffalo absorbed by the railroads on grain moving through certain elevators, the total in these cases is 14.35 cents.

By way of Route 3 there is a similar elevation charge and water haul to the Georgian Bay ports. The rail haul to the Maritime ports costs 9.1 cents and an additional elevation charge of 19/20 cents. Total 14.35 cents. If hauled by rail from Georgian Bay to Montreal the rail haul is 8.6 cents.

There is another route which is used only in the winter time, and only then to meet necessities of the trade—an all rail haul from the head of the lakes to the Maritimes.

If the grain could move direct by water to the Maritime ports from the head of the Lakes, a feasible rate would be 6c per bushel or 7.25c including elevation at Fort William—Port Arthur. This rate is about 7 to 8 cents lower than the present rate via New York and should permit the Maritimes to draw to its ports, part of the grain which is now moving over an unduly circuitous and expensive route to New York, Philadelphia and Baltimore.

Passing from the eastbound movement of grain turn now to the westbound movement or return cargo; viz. coal.

VII. THE COAL MOVEMENT

Nova Scotia has large quantities of Bituminous Coal of an excellent quality.

Ontario has none and imports a large tonnage annually.

Ontario desires to purchase Canadian coal.

Ontario imported in 1923, 11,741,298 tons of bituminous coal of which 11,717,298 tons came from the United States. The question is—"How much of these eleven million tons all told imported, can the Maritimes supply?" She has supplied none heretofore. Nova Scotia and New Brunswick's output for the year 1923 was 6,874,455 tons.

It is only a question of supply not demand. The demand is waiting to be supplied. With coal carriers always assured a return cargo, whether of wheat, oats, barley, flax or other agricultural products awaiting their arrival the movement will be feasible and the rates can be made sufficiently low to meet all competition. At what rate per ton can they carry coal to the Lake Ontario ports?

The upper lake vessels carry it from Lake Erie ports to Fort William—Port Arthur for 45 cents per ton as part of the total transportation cost from mines of Connellsville, Pa. to the head of the Great Lakes, viz., $2.85. Could not boats with assured return cargo carry coal from Sidney, N.S.—about twice the distance by water from Lake Erie ports to Port Arthur, with a shorter rail haul from the mines to shipside, and compete against this $2.85? In addition and in favor of the Maritime coal, is the Canadian duty on coal.

Canada should gladly do whatever may be necessary to put Maritime coal on a competitive footing with Pennsylvania coal, and the first step is to remove the St. Lawrence barrier, permitting the large ships to move into the Great Lakes to the ports on Lakes Ontario, Erie, Huron and Superior.

It should be observed also that the two great railway systems of Canada—the Canadian Pacific and the Canadian National, annually take large quantities of steam coal from the United States at the docks of Fort William—Port Arthur and at Jackfish on Lake Superior.

In 1923 the amount was 2,276,041 tons of bituminous coal.

These railways should be glad to benefit the Provinces by the sea and use their coal in preference and so develop their own railway territory. They do this at Montreal for the West and East hauls. These railways could also do the same at other divisional points in Ontario adjacent to Lakes Ontario, Erie, St. Clair, Huron and Georgian Bay, where large quantities are also required annually.

Why cannot this now be done with Maritime Coal? Why cannot the people of Ontario now deal with their fellow Canadians? Obviously because it is necessary to break bulk at the foot of the St. Lawrence rapids and employ a small sized boat, limited in cargo capacity, thus increasing the cost of transportation to a point where Maritime coal cannot compete with the coal from Pennsylvania.

Experience has taught us that under modern conditions, the small sized canals become useless and it is only when they can accommodate the large sized vessels that freight rates are reduced and the canals become efficient.

This is briefly and well covered by the generalization on page 34 of the Duncan Report, viz.,

> "The volume of sales of Nova Scotia coal in the St. Lawrence is limited at present to points of discharge for water-borne coal. The advantage of the moderate cost of water transportation is, it is stated, nullified so far as western furtherance is concerned, by the rail rates from Montreal to points conveniently near being charged on a short haul mileage rate whereas coal coming from the United States has the advantage of a long haul mileage rate. To illustrate the incidence of present rates, the case was cited of the coal rate from Montreal to Ottawa, which is $1.30 per ton for a haul of 117 miles, this being almost twice the cost of water transportation from Sydney to Montreal, approximately a distance of 850 miles."

To discuss the effect of the opening of the St. Lawrence on reducing the cost of transportation on other basic articles, which cost is always the underlying problem in marketing, would lengthen too much this pamphlet.

The benefit arising from the movement of grain and coal by water, two basic, national products, apply pari passu to other products, manufactured or otherwise.

The business of Canada, like its immigration; has steadily been moving westward. As the "Duncan Report" says: "Both in the nature of the basic products of the Maritime Provinces, and in the advantage which their Maritime location gave them, access to world markets was in former times their greatest asset."

They have been blocked in following this western trend of trade at Montreal. This western trade was one of the objects and benefits outlined in the Confederation argument on which was based the Confederation Act.

VIII. PRE-CONFEDERATION CONFERENCE RESOLUTIONS UNFULFILLED

It is uncontrovertible that the Pre-Confederation Resolutions constituted the agreement for the federation of the British North America Provinces.

The Provinces that first entered Confederation were Upper and Lower Canada, called the "Canadas," New Brunswick and Nova Scotia. It was after the British North America Act was passed that Prince Edward Island and British Columbia entered, and Canada purchased the Hudson's Bay Territories. The Pre-Confederation Resolutions are the bases of the union.

Representatives of the then Colonies of British North America attended a conference at the City of Quebec in 1864 and passed a series of Resolutions. The next Conference was held in London, England, in 1866, when the Quebec Resolutions were considered and revised.

Resolution number 67 of the London Conference reads as follows:

> "The sanction of the Imperial Parliament shall be sought for the union of the Provinces **on the Principles** adopted by this Confederation."

Resolution number 68 left it to the sovereign to fix the rank and name of the Confederation.

Resolution number 69 reads as follows:

> "That a copy of these Resolutions signed by the Chairman and Secretary of the Conference, be transmitted to the Right Honourable the Secretary of State for the Colonies."

Then comes the signatures of John A. MacDonald, Chairman, H. Bernard, Secretary.

and 66.

Preceding the 67th Resolution, are the two Resolutions of particular importance to the Maritimes, namely Numbers 65

Number 65 read as follows:

> "The construction of the Intercolonial Railway being essential to the consolidation of the Union of British North America, and to the assent of the Maritime Provinces thereto, it is agreed that provision be made for its immediate construction by the General Government, and that the Imperial guarantee for 3,000,000 Sterling pledged for this work be applied thereto, so soon as the necessary authority has been obtained from the Imperial Parliament."

This brought about the construction of the Inter-colonial railway.

Number 66 reads as follows:

> **"The communication with the North-Western territory, and the improvements required for the development of the trade of the Great West with the seaboard,** are regarded by this Conference as subjects **of the highest importance** to the Confederation, and **shall be prosecuted at the earliest possible period** that the state of the finances will permit."

Number 65 brought into the deal the communications by railway between the Maritimes and Canadas (the Grand Trunk then having been built).

Number 66 relates to the communications and improvements of water transportation. (At that time the Welland and St. Lawrence canals were constructed, but were inefficient).

This Resolution number 66 of the London Conference reads word for word with Resolution number 69 of the preceding Quebec Conference, excepting that the words "Federated Provinces" were used instead of ""Confederation."

The 69th Resolution of the Quebec Convention, as quoted in the "True Story of Confederation," by Alex. P. Patterson, uses the following words:

> "The communications with the North-Western Territory, and the improvements required FOR THE DEVELOPMENT OF THE TRADE OF THE GREAT WEST WITH THE SEABOARD, are regarded by this conference **as subjects of the highest importance to the Federated Provinces and shall be prosecuted at the earliest possible period** that the state of the finances will permit."

Just so long as Canada delays "the communication with the North-Western Territory and **the improvements required** for the development of the trade of the great west with the seaboard," which is firmly stated in the resolution to be "of the highest importance to the Federated Provinces and **shall be prosecuted,**" just so long are the terms of the Contract of Confederation violated. If Montreal or Quebec object, they are asking to break the terms of Confederation. Is this wise?

Montreal has seen to it that the St. Lawrence river has been improved by Canada from Quebec up to Montreal, thus bringing deep sea navigation to her own door. This has cost some fifty million dollars and the Maritimes have cheerfully borne their share. Montreal, however, says from one pretext or another, that the river above her, between Montreal and Prescott must not be further improved. Forsooth—why not? How unfair to the Maritimes. How unfair to her other sister Provinces and how unfair and even shortsighted to herself. She has been benefited by the two previous enlargements of the St. Lawrence canals, why will she not be similarly benefited by the third enlargement now necessary?

The cost to Canada of this further enlargement need not be more than from five to fifteen millions of dollars, which would be spread over, say, seven years of time in constructing the works. Whilst it is delayed the loss to the Western Provinces is very great and the injury to the Maritime Provinces is greater.

Why not unlock this barrier and open the new "Atlantis" of the interior of the North American continent to the Maritime Provinces, and why not insist upon no further delay in doing so?

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